

**MINUTES OF REGULAR MEETING OF  
THE REDEVELOPMENT COMMISSION OF GREENSBORO  
TUESDAY, JUNE 20, 2006**

**REGULAR MEETING**

The Redevelopment Commission of Greensboro met in regular meeting in the Planning Conference Room, Third Floor, Melvin Municipal Office Building, on Tuesday, June 20, 2006 at 5:10 p.m. Commissioners present were: Chair Joe Wood, Bill Benjamin, Nettie Coad and Jerry Leimenstoll. Dan Curry, Barbara Harris and Dyan Arkin represented the Housing and Community Development Department (HCD). Jim Blackwood, Esq., was present as legal counsel for the Commission. Mike Williams, Esq., City Attorney's Office, was also present.

Chair Wood said anyone addressing the Commission should get close enough to the table and speak into one of the mikes so that the recording secretary can pick up your name, address and comments for the record.

**1. APPROVAL OF MINUTES OF MAY 16, 2006 REGULAR MEETING.**

Mr. Leimenstoll moved that the minutes of the May 16, 2006 meeting be approved as written, seconded by Ms. Coad. The Commission voted 4-0 in favor of the motion. (Ayes: Wood, Benjamin, Coad, Leimenstoll. Nays: None.)

**4. WILLOW OAKS NEIGHBORHOOD: STAFF UPDATE.**

Ms. Arkin, Community Planner for Willow Oaks Project, said she wanted to give an update on the sale of the land to the Greensboro Housing Authority (GHA) for development of single-family homes. They are past the initial discussions and are working on some draft documents for conveyance of land. These portions of land were pointed out on a map. The Master Plan of Willow Oaks includes the development of single-family detached and attached housing on the Redevelopment Commission land. HCD and Legal staff have been working on purchase/development agreement and deeds of trust to convey the land to the GHA for development in much the same way as they recently conveyed land for multifamily development. They are looking at early June for producing the draft documents and getting them to GHA for review. They are looking at getting the Commission some summary documents for review in the July meeting packet. These will explain the details of the restrictions and requirements for this component. They would like to come back to the July 18 Redevelopment Commission meeting with essentially final documents and ask that the Commission recommend to City Council the approval of the sale of land for the development. They would like to be at the August 15 Council meeting asking them to authorize the sale of land to GHA. If things move along at the planned pace, it will be sometime in late August or early September before the infrastructure construction is complete and lots are ready for development. They are also doing the plotting of the property at that time. As soon as the plotting is complete, and all of the approvals have been acquired, they can convey the land to the GHA. GHA will fund the infrastructure. If they can do these steps in this time frame, then potentially in mid-September the current developer could start construction. She went over a few of the provisions and description of the land to be conveyed. The design standards are already approved and they have been working with GHA on Phase 1 property.

She said there was the need to have everything really clearly spelled out. She thought there were some things in the first component between GHA and Mid City that were not completely spelled out. Staff had learned a lot since then and they can now spell out in detail how a process is supposed to work. Staff wants them to understand our monitoring requirements, which are different from those of GHA.

Mr. Curry explained how the money the Commission got back from projects not using all their funding was

handled. All the money the Commission got back was identified as to what the funding source was and then it was put back into remaining funding, such as the CDBG program, HOME program and a small amount might even go back into the Housing Partnership Fund. Then they have to turn around and ask Council to reallocate those funds back into the project. He said he thought staff would be coming to the Commission in early fall on how to handle Phase 3, where there was expected to be a shortfall in funding.

### **3. SOUTH ELM STREET NEIGHBORHOOD:**

#### **a. 728 AND 730 SOUTH ELM (WORTHY PROPERTY).**

Ms. Harris said back in April, the Commission authorized an offer on 728 and 730 South Elm – property owned by Alex Worth. Mr. Worth's Realtor, Dan Pierce, is here and wants to address the Commission.

Dan Pierce, 203 Kimberly Drive, said he was with the Bissell Companies. He had been in the commercial/industrial real estate business for 35 years here in Greensboro. He was here to discuss the offer by the City for the property of Mr. Worth. Alex Worth, the founder of Shamrock, which operated their business at 728 and 730 South Elm Street for about 40 years. They still actually utilize the property. The warehouse in the back has about 20,000 square feet, has some printing equipment there and they also on a seasonal basis still store wrapping paper, which is what they produced. The front office building is about 2,500 square feet and it is leased to a company called Morehead Services. Shamrock and Alex Worth are very community-minded people so they are certainly in favor of seeing this area redeveloped even though they do have a use for the property and would just as soon continue to own it. Their property is maintained better than virtually anything in that block. They are not trying to extract every last nickel that they can from the City or the Commission for the property. All they really would like to get is a reasonable price for it. It does not even have to be the market price for it. The City and Commission's appraisal looked like a fairly extensive appraisal and the way the appraiser did it, and he was sure the appraiser did it because he was instructed to do it that way, was appraise it in terms of what he thought the market value of the property would be. However, he was also asked to appraise it with an environmental stigma attached to it. That, to him, is an absolutely unique appraisal. He had never seen in his 35 years an appraisal where it was appraised at fair market value and then appraised with an environmental stigma because people simply do not buy properties based on that. Back about 15-18 years ago before the Department of Environmental, Health and Natural Resources, evaluated property on a risk basis where they assigned whether it would be either a high risk property, mid risk property or a low risk property and it is really based upon mainly if there are any drinking wells within 1,000 feet of the property as to whether it would be a high risk property and also on some of the concentrations of whatever volatile compounds were in the ground water or in the soil. Back then, there really was a stigma attached to property because DENR was so busy with all the high risk sites that you could not really get them to answer the question as to what you were supposed to do with the property once you found a bad environmental condition on it. It might take you a couple of years just to get a letter on it. But once they did the risk-based assessment of the property, it made it much easier to sell property. So if you can get a letter of no further action out of the State of North Carolina or if you can get the Brownfield designation, it means the State of North Carolina as well as DENR is going to leave you alone. They are not going to require you to do anything based upon whatever the existing environmental condition of the property is. So banks do not have a problem lending money on property that is in a Brownfield designation, which is what the Commission is going to be applying for, they basically do not make you do anything. Once you have the letter of no further action, you do not have to worry about that particular environmental incident in the future. So you can sell a property with no stigma attached to it. It is no different than any other piece of property that you would find out there that did not have any environmental problems and never had any. He gave an example of this on Wendover Avenue, the Costco development, which was a Brownfield site.

He said the appraiser came up with a price of \$300,000 that he said was the fair market value of the property. He said with the environmental stigma attached to it, the property is worth \$227,000. So that is

the amount of money that the City of Greensboro is offered for the property with stigma. His contention is there is no stigma once you have the Brownfield designation. He would not appraise the property for \$300,000. He would appraise it somewhere around \$350,000. The Worths were offered \$340,000 for that property by the people that were going to build the baseball stadium. Of course, that went south and it did not close. They had a contract on the little office building in the front from a group from Virginia. They were going to buy the property for \$75,000 and he was sure they appraised it for \$75,000 for the fair market value because he told the appraiser that they had that offer. When they went down to the City of Greensboro, the City told them that if they bought property and if they put more money into the property, they would lose all that money. Of course, he did not think that was true. He thought somebody in that condemnation would have had to pay what they paid for it and what they put into it, but the City told them that. Because of that, they backed out of the contract. Even though they had gone beyond their due diligence period and the Worths could have held them to the contract, the Worths let them out of the contract. Here the City is trying to buy that property for \$57,000 after having chased off the prospect who was going to pay \$75,000. That was patently unfair.

There were three buildings with this property, and the two-story office building they sold in 2000 for \$130,000. Of course, they had a Phase 1 audit and they did not have any problems with it. They borrowed money from a bank and bought the property. If you use that as a comparable, that is \$23.29 a square foot, their property would be worth \$512,544. The Worths are not asking for that. They are not asking for what he thought it was worth or \$350,000 or what the baseball people had offered either. They are not asking for that. All they are asking for is the \$300,000, which the appraiser said was the fair market value. He read the appraisal. He thought the appraiser used good comparables, he would not argue with most of the comparables that were used, but the only thing they object to is the City being able to get what really is an incredible bargain on the piece of property. It is what he would classify as "stealing" the property. They just want a reasonable price for it and they are willing to accept the fair market value for it as determined by the appraiser that was hired by the City of Greensboro, but not the one that was with the stigma because there is no stigma once you have the Brownfield designation. This property supposedly has a 28,000-gallon fuel tank on it. It has not been used in probably 60 years. They did say there was some soil contamination related to that, although that is difficult to believe since it has not been used in almost 60 years. In fact, the owners were totally incredulous that there was a tank on the property.

Counsel Blackwood said sometimes DENR makes a distinction about no further action, but no wells under the ground water and only commercial uses versus no further action to use it for anything. He knew they were in the process of developing the Redevelopment Plan and if for instance, this was a piece of property that might have one that said, "No further action, but only commercial or industrial." He did not know how that fits into what might be proposed if there were potential residential uses of the property.

Mr. Pierce said he was assuming - and he did not know what the Redevelopment Commission intends to do with the property - but he would assume that you would have a tough time putting residential on that property because of the environmental condition of it. He did not know what DENR was going to tell them, but generally a property like this would be one on which they would put the restriction of you cannot drill a well for drinking water nor can you use it for residential purposes. Normally they would not let you use Brownfield property for residential homes.

Ms. Coad said her argument would be places like Friendly Center where a service station was moved and business was coming back. She did not know that much about it either, but she questioned sometimes, but she did not know.

Counsel Blackwood said there was property in Southside that was polluted and it was finally given no further action, but the Commission had to file that that would be limited to commercial uses. In Lincoln Grove, he thought it was just no wells into the property.

There followed a prolonged discussion about methods used for appraisal of contaminated property and the options that had been offered to the property owners when the baseball stadium was being considered for the site.

Counsel Blackwood said he thought the Commission should go into Executive Session to discuss contracting issues related to acquisition of S. Elm properties. But he had a couple of questions first, just to make certain, because he was unclear on something that continues to come up. Do we have a copy of all these baseball stadium contracts? If so, are those contracts based on a representation that they are clean and that they would be subject to inspection?

Mr. Curry said not that he was aware of.

Counsel Black said then they were just simply options and then they would inspect and they didn't even exercise their options. The reason he was saying that is with the option to inspect and back out, those are totally worthless. You make the rep that there are no conditions there, you have got an inspection period, and then you are going to, in effect renegotiate the price if you find anything that is a problem. That was part of what he was trying to ascertain.

David Gray, 1205 Lakewood, owner of 518 Arlington & 727 S. Elm, asked if the baseball's offer was considered a legal, binding contract. When they gave an option to him, they gave a deposit and they gave him money.

Counsel Blackwood asked if he had conditions about inspections and verification, a due diligence period for them to inspect the property and ascertain if it was acceptable to them?

Mr. Gray said they had already done an environmental thing on it.

Counsel Blackwood said since he had not seen the document, it would be inappropriate for him to try to analyze something in space, but he had a feeling since they did not exercise the options, they either forfeited the option and that was inconsequential to them, or it was conditioned on meeting certain conditions in their own discretion as to whether or not it was acceptable. That is what he thought was all those baseball options, but he thought it had created a certain mindset about what the property may or may not have been worth and he thought it was based on suppositions that are not supported by reality.

Mr. Pierce said the baseball people considered all the environmental conditions of the property and it would have been sold and they were chased off by the City of Greensboro. He thought it was totally unfair for the City to say: "Okay, we chased that guy off, now we are going to buy your property for \$57,000." It is a fact that they sold the building in the front for \$130,000 with all environmental conditions considered.

Chair Wood moved that the Commission go into Executive Session to discuss a contracting matters related to property acquisition, seconded by Mr. Leimenstoll. The Commission voted 4-0 in favor of the motion. (Ayes: Wood, Benjamin, Coad, Leimenstoll. Nays: None.)

The Commission went into Executive Session at 5:54 p.m.

The Commission came out of Executive Session at 6:58 p.m.

Chair Wood said during the course of the Executive Session, the Redevelopment Commission discussed the issues that you brought up, together with other general policy issues regarding the South Elm Street Redevelopment Project. A little later on in this hearing, the Commission will be asked to set a date for actually setting a Redevelopment Plan, which will start putting things in stone more definitively than they are now. So a motion will be made for the following things regarding the South Elm Street Redevelopment

properties. First of all, in response to what you have said tonight, we are moving that staff look at this appraisal and all future appraisals and even past appraisals to see if, indeed, the practice that they are calling for lack of a better term “discounting” plays a part and whether it should or should not. They also are going to discuss further general policies related to the South Elm Street Redevelopment Project and as part of this motion, we are also saying there will be no further discussion of acquiring this property or any other properties tonight, so Mr. Gray and the representatives of the Coe family, we are not going to discuss your property tonight. We are not making any offers tonight and that is the motion. Ms. Coad seconded the motion.

Chair Wood said what we have moved is that we are going to look at the issue of how appraisals up to this point and appraisals are ongoing, have they been affected by what has been referred to, for lack of a better term, as “discounting or stigmatizing.” There are many issues involved in this regarding what is fair market value, the whole issue of contamination and cleanup and the proper responses and policies in regard to that. And until staff and the Commission have a better handle we are going to suspend discussion tonight on this particular property known as 728 and 730 South Elm Street; we are going to suspend any discussion on the property known as 113 East Bragg Street and the property known as 518 Arlington Street and 727 South Elm Street. The Commission voted 4-0 in favor of the motion. (Ayes: Wood, Benjamin, Coad, Leimenstoll. Nays: None.)

Chair Wood said if there were any questions, they could contact Barbara Harris.

Chair Wood said also in Executive Session, we will announce for the public record that the Commission has asked staff to gather all pertinent information on an update regarding foreclosure on the properties at 326 and 328 East Lee Street and ask them to bring all information regarding that foreclosure and how it relates to the policies that we have already developed on this particular piece of property to the next meeting.

Chair Wood moved that the Commission instruct staff to provide pertinent information regarding the foreclosure and the foreclosure sale of 326 and possibly 328 East Lee Street to us at the next meeting. Ms. Coad seconded the motion. He said Mr. Benjamin would abstain from this vote since the attorney involved was a member of his law firm. The Commission voted 3-0-1 in favor of the motion. (Ayes: Wood, Coad, Leimenstoll. Nays: None. Abstain: Benjamin.)

## **5) DISCUSSION ITEM: REDEVELOPMENT COMMISSION REGULAR MEETING DATE**

Mr. Curry said the intent of this item was to discuss a possible permanent change in the meeting schedule. We have obviously developed a continuing conflict with City Council meetings in our normal meeting space. He did not see that changing. So staff would like to ask whether the Commission would like to consider a permanent change to either another Tuesday of the month or another day of the week.

After some discussion Chair Wood moved that the Commission ask staff to draw up a Bylaw amendment for presentation at the next meeting that starting with the August meeting, that meetings will be on the second Tuesday of the month, beginning at 4:45 p.m.

Counsel Blackwood said he would suggest that as a friendly amendment that the Bylaw amendment be drawn by staff with “on the second Tuesday of the month to commence not earlier than 4:00 p.m. nor later than 5:00 p.m. as staff determines is appropriate for the availability of the meeting area”.

Chair Wood said he would accept that as a friendly amendment to his motion. Mr. Benjamin seconded the motion.

Counsel Blackwood said the Bylaws needed to be drawn as proposed and mailed to the Commissioners seven days before it is voted on.

Chair Wood said the motion on the floor was that starting in August the regular meeting be changed to the second Tuesday. Staff will draft the proposed Bylaw amendment and it will be between 4:00 p.m. and 5:00 p.m. at staff's discretion. The Commission voted 3-0 in favor of the motion.

Counsel Blackwood suggested that perhaps the Commission should have a special meeting after the week of the 4th of July, but early in July for the purpose of discussing S. Elm appraisal and acquisition methods, the redevelopment plan and to determine a date and time to call for a public hearing on the redevelopment plan. The Commissioners agreed and staff was instructed to poll the members outside of tonight and come up with a meeting date and time for that special session.

### **3. SOUTH ELM STREET NEIGHBORHOOD**

#### **c) UPDATE ON REDEVELOPMENT PLAN**

Mr. Curry said the last page in the Commissioners' packets was a memo update on a number of items. He was not going to cover those items since you had it in your packets.

What he specifically wanted to talk about was a summary of the planning process. He was going to skip all the way back to page 5, which is the Master Plan, and talk you through that in general terms. The Master Plan that staff came up with and was presented to the community in February has not changed, although staff is tweaking some of the specific details of it, but overall, the plan is as it was presented to the community. He went over the proposed elements of the plan. He referred the Commission back to page 7, the Financial Feasibility Analysis. That is what staff is doing right now and that is what they had been doing for about the last 60 days, which is why staff has been unable to bring the plan forward for a public hearing. They did not want to bring a plan forward that, from a development standpoint, is not likely to happen. Right now the plan, as envisioned, has some gaps in terms of the financial feasibility of the development. He explained the gaps that existed. He said the mixed-use piece of the development does not currently look like it would work financially and they are discussing some alternative funding sources. In other words, a developer could not afford to commit to building what is proposed by this plan without some extraordinary types of financial incentives and get a reasonable amount of return for their investment, as a private developer would expect to receive. He thought 10 to 15 percent was a typical return on investment.

He went through the density and other requirements in the Master Plan. He went through some HUD requirements for the project and the problem of the structured parking requirements. He also went through some of the alternate funding sources that would be needed and explained the planning process for the project.

Counsel Blackwood asked is it correct that what is available for cleanup is tied into the total amount and, therefore, is not necessarily a fixed amount that is available for cleanup.

Mr. Curry said they had \$5 million from HUD.

Counsel Blackwood said his point being that exactly what funding might be available for cleanup, the funding amount is subject to being decreased if the other costs of the project go up. We have an amount available for the total project and the cleanup is just a portion of that total amount and subject to adjustment and it is not a fixed amount. He said he wanted this clear on the record because he did not want anybody to ask or subpoena these minutes and believe that we have X millions of dollars available to

clean up their property that we are in affect using and pressing the costs of acquisition, but then we are going to need because that is not the case. He wanted that clear on the minutes.

Mr. Curry said after acquisition and cleanup, the balance of the budget will be used for planning, environmental assessment, relocation of businesses, demolition of buildings, site improvements, and staff can provide the Commission with a budget showing how those numbers are broken down. He said staff would bring the Commission a plan that works; that was staff's charge. The plan will have a full budget for this entire project that will show exactly where staff thinks the funding needs to come from to do the whole project.

Counsel Blackwood said he believed the correct way to state the plan and for budgetary purposes with what is being done is it has to state the overall amount because, in affect, there are monies already spent in the planning process and certification of the area, etc., that, in affect, are earmarked as part of this. It can certainly state that there have already been expenditures of an amount, in terms of the planning process already.

Mr. Curry said you are going to set out a plan with a budget attached to it and a strategy of how you are going to go through the process of selecting developers.

Counsel Blackwood said his recollection as to Southside was that both the overall complete neighborhood plan, let alone just the portion that was the Redevelopment Plan on the certified area, there was, if nothing else, a concept and a general overall overview of what was proposed. But it can be subject to tweaking and that comes about with the developer process.

During all of this discussion, Mr. Curry, Counsel Blackwood or other staff members answered questions posed by Commissioners.

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There being no further business before the Commission, the meeting was adjourned at 7:40 p.m.

Respectfully submitted,

Dan Curry, Assistant Secretary  
Greensboro Redevelopment Commission  
DC/jd.ps